THE PLAIN VIEW

JANUARY 1947

Commentary

Patterns, Plans and the Profit Incentive
PROFESSOR P. SARGANT FLORENCE

The Profit Motive in Industry and Commerce
C. B. FRISBY

Some Trade Union Problems
M. L. BURNET

Book Reviews

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What the plain view perceives is neither obvious nor obscure

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COMMENTARY

WORLD PROCESS AND WORLD ORDER. Probably most reflective moralized persons in established positions in Britain look out upon the present state of the world in bewilderment and dismay, disillusioned and exasperated, for they have seen with the eye of reason the mountains made low, the valleys filled in, and the path of progress made straight. There is perversity in this way of looking at things, to match the perversity of things which will not be looked at in this way. We fail completely to understand what is going on because we unthinkingly attempt to apply inappropriate concepts and judgements. Upon a situation in which interests and claims are in violent disequilibrium, we project the normal notions and judgements of our own established régime of mutually acknowledged interests and responsibilities. The result is depressing; but the method which produces it is stupid. We must look again, and try to see what is there, instead of what is here. Legitimate democratic governments are not established under absolute monarchies without protracted conflicts making exciting and tortuous chapters of history over a long period of time. Socialism, even in a democratic state, is not achieved by a merely administrative act. Labour (look for example, at the present situation in the U.S.A.) does not establish its position *vis à vis* the employers without a bid for domination. In all such cases, settled relations, establishing a balance of interests and accepted responsibilities, are achieved only by building up power, and after repeated trials of strength. It is, of course, a crude and dangerous method, and the outcome may be stable compromise, chronic disunity, or outright domination. It is the uncertainty of the outcome which makes the process real and, as far as one can see, irreplaceable. It is the task of statesmanship resourcefully to mitigate and minimize the conflict and to secure a settled outcome. But statesmen are not neutral, and whether the outcome they work for is stable compromise or permanent domination will depend on many factors and cannot be prescribed in the abstract as an obligation of moral principle. There is a natural process at work (the historical process) which can be influenced, mitigated, managed (in a word, controlled), but which can never be superseded by simple rational adoption of one of the models provided by the more satisfactory outcomes of previous process. There is no royal road to an established equilibrium of interests, with all that it upholds; but there are alternative routes, and some which promise short cuts.

This analysis applies to the present problem of establishing a world order. Nobody will pretend that the institution by formal agreement of a United Nations Organization has solved the problem. It is less readily accepted (although it is really the same recognition made explicit) that the struggle for position and power will, and must, go on within and outside the new (indispensable) institutions of international co-operation. The Soviet Union, potentially the strongest of world powers, is at present,

after a devastating loss of manpower and productive capacity in the war, in a position of dangerous weakness *vis à vis* the U.S.A., a people established by the war in a position of unrivalled power. *A fortiori,* Russia is in an anxious position in face of any alignment of powers with America. Of course, the situation is much more complicated than this. But the stark outline is enough to indicate that the present position cannot be stabilized and normalized as it stands. It involves a struggle, and the struggle will go on and will follow too familiar lines. Our hope that the familiar course will not in this case lead to the fatal sequel of open conflict and the resort to unlimited violence and cunning can only be founded upon the new factors in the situation, and is bound up with the use we make of them. Open diplomacy, the formal renunciation of war as an instrument of policy, the menace of total war, post-war fatigue, the new international institutions, the transition from an epoch of exploitation and expansion to an epoch of conservation and consolidation: there is no legitimate hope of saving the situation save the hope which depends upon unremitting exertions to use these and other such new factors intelligently in season and out of season to check and modify the course of the conflict and bring it to a stable balance of interests which can serve as the foundation of genuine common interest, and establish the basis of international morality. Statesmanship and time can achieve this outcome. It is a crude business, and at the same time a tricky business—as it has always been. But there is no safe and rational substitute for it. We must not mistake the ultimate use of U.N.O. for its immediate possibilities.

In this situation, Britain has to recognize the alternatives which are open to her, and to decide which she will choose. Our foreign policy, or, rather, the statesmanship of our Foreign Minister, could well be decisive in determining the issue. Whatever there may have been of political ineptitude and political romanticism in the recent protest of a minority of Labour members against the Minister's policy, it represented a conviction that the policy he was following in this situation would be decisive in the fatal and not in the saving sense. We have indeed to bethink ourselves that it may be so. We are much more likely to go wrong than to go right, unless we take the pains to reckon with all the complicated factors. It is clear that the simple pursuit of power politics, on the one hand, or single-minded enthusiasm for U.N.O. and a united world, on the other, is disastrous. A clear-sighted, judicious combination of both is the difficult feat which the times demand. Let us at any rate have the wisdom to cultivate the *tacte des choses possibles,* and spare ourselves the futility and exasperation of judging what is going on now by the moral standards and ideals which will become normal and necessary when the political conditions have been established.

CRIMINAL JUSTICE. Viscount Templewood's motion demanding immediately a comprehensive measure of penal reform elicited some interesting remarks from the Lord Chancellor in his reply for the Government. Sir William Jowitt in 1938 was a warm supporter of Sir Samuel Hoare's *Criminal Justice Bill.* It seems that second thoughts have cooled his enthusiasm. He indicated that a new Bill will probably come before Parliament next session, and there was a faint suggestion that it may not be as radical as the 1938 Bill. This seeming frigidity towards the former Bill, more than the postponement of legislation, makes the Government's policy disappointing. For the 1938 Bill abandoned the obsolescent principle of deterrence and reconstructed our penal system upon the principle of effective rehabilitation. (The principle of retribution remains of the first importance both in philosophy and in popular opinion, but its direct summary application is merely symbolic, and is intolerable in modern society; it remains as a criterion of reformatory measures, requiring that the offender be made to recognize the seriousness of his act and compelled to work his passage back.) Thus the Bill marked the end of a régime in which the substance of the penal code had been savage reprisals, progressively relaxed and humanized of course, but never decisively repudiated in principle. Such a code belonged to a society scandalously unjust and provocative of offence, and disastrously weak in the executive arm. It was a society which engendered criminals and sought to disown and get rid of them, policies severally iniquitous and together unspeakably so. This new measure of criminal justice now demanded is complementary to the achieved measure of social justice. More important, the Criminal Justice Bill of 1938, like the Education Act of 1944, is not merely one further step in reform; both are definitive, because, within their scope, they establish for the first time the principles of a universal society.

MODERN SURVEYS. The recognized preliminary to the replanning of towns, the redistribution of industry, and the planning of rural and regional development is the survey, comprehensive and detailed, an instrument for the careful observation and study of what is there, in terms of resources and what has been done with them and what the consequences have been. Such surveys are strictly the work of one set of experts for the use of another. Yet in many cases, probably in most, the authorities have published and publicized the surveys, and sought to stimulate public interest in them. Why? Mainly, of course, because planning schemes cannot be carried out over the heads of those whose interests will be vitally affected by them; the authorities have to carry public opinion with them, and, therefore, they have to give the public from the outset in an attractive way the information upon which the opinion can be formed. But, beyond this question of local interests, there is a public for planning, a genuine intelligent interest in the planning movement, in what it is about and why, in the general character of its principles and

problems. For regional and other planning is not merely a policy of remedial measures which has been forced upon us by the shameful neglect and wanton irresponsibility of years of industrial exploitation. It is a constructive movement of profound interest and lasting significance. It is the initial stage of an intelligent sustained effort to apply the full, developing resources of society to the many-sided satisfaction of human needs and interests, material and ideal, in appropriate ways determined by local conditions and local idiosyncrasy. This, in its pattern, is a model of the essential theme of human life. It is a collective work of art, employing the whole genius of man and bringing all his diverse activities into the unity of experienced social enjoyment. It is the creation of a civilization. We live on the threshold of a great age, in spite of the instability and ubiquitous vulgarity of mass society; in spite of the massive threat of total war. Physical planning, the initial phase of a new civilization, is the most important instrument of contemporary culture; it offers the means of first hand acquaintance with, and purposeful penetration into, the realities and the possibilities of our common life.

GERMANY AGAIN. Mr. Victor Gollancz, after six weeks' study of conditions in the British zone of Germany, reported his findings to the Prime Minister, and earnestly pressed for energetic action to retrieve the errors and disasters of our administration. Perhaps a report of this kind from a public-spirited private citizen to the Head of the Government should not have been necessary (although one is glad it is possible). It is permissible to think that Mr. Attlee should have been kept continuously informed on the matters which Mr. Gollancz brought to his attention by the responsible Minister, Mr. Hynd, who has spent, on his own confession, only twenty-eight days in the zone this year, and who seems unwittingly to have misinformed the House repeatedly on important events in the zone.

The facts have been established and publicized here by more than one independent observer. The food shortage has become chronically acute: it is rarely possible to meet the nominal ration of 1,550 calories, and frequently there is a serious breakdown of supplies for several days, which means periodical local famines. The results are painfully visible in extreme lassitude, and the widespread incidence of the serious diseases induced by malnutrition. Housing, an appalling problem created by the bombing devastation, makes no progress. The problem is aggravated by the large-scale influx of destitute refugees, and the distress is exacerbated by the insensate requisitioning of houses and furniture for purposes to which any reasonable view of the situation would assign a very low priority indeed. There is an utter lack of consumer goods to meet the elementary needs of the vast majority. The procedure adopted by quadripartite decision for de-nazification is farcical and unworkable. Such industry as there is has been slowing to a standstill, not only because of the lack or scarcity of coal and raw materials and the physical

lassitude of underfed workers, but also because there is no economic basis for recovery. The population has been compelled to endure the worsening of intolerable conditions, forbidden every hopeful means of trying to remedy their case. This stupid imposition of unnecessary despair has, of course, drained German energy into a deep-cut channel of hatred and contempt for Britain; and the water has been rapidly rising.

In fairness to the Government and to ourselves, it should be recognized that the essential hopelessness of the German outlook in our zone is essentially due to our loyal persistence in trying to work the unworkable quadripartite control. The new basis of policy founded in the Anglo-American agreement creates at one stroke a hopeful outlook. In principle, it puts an end to paralyzing uncertainties, and lifts the ban on economic self-help. It makes good administration possible. We have waited a long time and paid a heavy price for this chance to begin.

Finally, it is worth reminding ourselves of the right answer to the question of why we should bother about German distress. We are not asked to play the Good Samaritan to our fallen enemy. There is a mass of human misery in the British zone which is a mute cry for mercy and charity. That invites a personal response; it does not impose a moral obligation. Our obligation is on quite another ground. We happen to be ruling this part of Germany: our decisions are paramount and override or limit their decisions. Such relations involve on both sides justifiable and accepted expectations, and an element of common benefit to be achieved by the faithful fulfilment of such expectations by both parties. We have failed pretty seriously to fulfil the expectations justifiably made of us by the Germans whom we undertook to rule. That destroys both the element of common benefit and Britain's good name. Whether both have been destroyed irremediably remains to be seen. At least we must disentangle this unmistakable moral obligation from all questions of compassion and sentiment, and do what can still be done to restore common recognition of the equal responsibilities of accepted rule. It would be a great thing if party allegiance could be relaxed in this special case to allow of sending, say, Lord Beveridge or Sir Arthur Salter as resident Minister. Probably humanitarian opinion in this country would not hesitate to nominate Mr. Gollancz himself. There is no disparagement in saying that statesmanship dare not and ought not to found policy upon sentiment.

[*The two articles following are contributed to the series on the profit motive in trade and industry, to which Professor M. Polanyi and the late Professor Laird contributed the first essays in the issue of July,* 1946. *Dr. Sargant Florence is Professor of Commerce in the University of Birmingham. Mr. Frisby is Director of the National Institute of Industrial Psychology. We expect to publish in the next issue contributions to this series from Mr. Maurice Dobb of Cambridge University and Mr. Harold Clay, of the Transport and General Workers' Union.*]

PATTERNS, PLANS AND THE PROFIT INCENTIVE

§ 1. Patterns and Plans

IT is fashionable in the social sciences to-day to speak of culture patterns, but there is a tendency to use this word loosely. A pattern is something that is repeated, and it is only if some human behaviour is observed to be repeated from time to time or place to place or from individual to individual that this use of the word is legitimate. Examples are trade cycles or seasonal unemployment repeated over time, the occurrence of cities and suburbs or "conurbations" repeated over space; and restriction to a certain figure of output repeated day after day by individual after individual.

Now the repeated occurrences I cite as examples of pattern are generally deplored. Cyclical unemployment was the devil of the inter-war economist. The industrial conurbation of continuous dense population is the devil of the sociologist, and a fixed low product per man hour is the devil of to-day's economist. What do economists and sociologists want to put in the devil's place? Neither of them are always explicit about their plans. Indeed there is no reason why they should be, since it is strictly no part of their job as scientists to have plans in the sense of objectives. Perhaps I may quote a view which I have held since 1913, from the first page of a book I wrote in 1929 called in the English edition "Uplift in Economics," in the American edition, "Sociology and Sin."

"In a paper read in 1913 before the Cambridge 'Heretics' I distinguished three distinct steps or stages—a sort of practical syllogism—in the deliberate or 'purposive' process of applying scientific knowledge, whether political, economic or biological, for the good and uplift of mankind.

'In a recent number of one of our kaleidoscopic magazines,' I observed, 'there appeared written in large type the following pathetic injunction: Kill that Fly, and underneath, in smaller type, Why? One Fly may carry and distribute millions of germs of typhoid and diphtheria, etc.

'This,' I continued, 'is a clear case of the Purposive Application of Knowledge to Life:

> The Knowledge here, is that one fly may carry certain diseases.
> The Purpose is to abolish disease.
> The Application of knowledge to the purpose is 'Kill that fly.'

Three different elements can thus be distinguished in the whole application.

1. The Knowledge.
2. The Purpose (or objective).
3. The Policy or Practice advocated in Life.' "

Now science, whether natural or social, is concerned with knowledge of facts expressed in the indicative mood. Economists and social scientists should work away at discovering the causes of the fluctuating

pattern of boom and slump, or of conurbation and country, or the extent of stereotyped* output in the indicative mood, without necessarily thinking these patterns sinful or wishing for any particular plan (i.e., any objective) in the optative mood or ordering any practical policy in an imperative mood.

Yet, though not themselves "uplifters," scientists may regard their work, if they like, as one step in the three-step rational process of "uplift." They may as human beings and citizens, have their private optative and even their imperative moods, or they may accept the optatives and the imperatives that are agreed upon by their "uplifting" contemporaries, such as the planners. At the present time there is a general consensus that booms and slumps, industrial conurbations, and stereotyped output are the devil. And social science may willingly be called in to solve the problem by some plan preventing these devilish patterns being repeated.

The classical planning procedure is that of the Russians. It is flattering to my early thought, expressed when I was an undergraduate Heretic at Cambridge, that the practical "rational" syllogism I advocated then has found embodiment in what may prove the classical work on this classical procedure. In the final chapter of his "Soviet Economic System," published this year, Dr. Baykov lays down four "presuppositions" in the drawing up of plans:

(1) The formulation of the aims pursued by the plan.
(2) The existence of planning machinery.
(3) The knowledge of what "exists," that is, of the conditions prevailing at the start, of their elements and interdependence which will serve as a basis for the plan.
(4) The drafting of the plan, i.e., the embodiment of the general aims in concrete tasks, the fulfilment of which will result in the plan itself being fulfilled.

Clearly, presupposition (3) is my indicative stage of actual "survey," (1) my optative stage, (4) my imperative stage; presupposition (2) allowing for personnel and organization—a team—to carry out these three stages. Within this team, I presume, individuals specialize at each stage; but the scientists who limit themselves to the indicative mood co-operate with those formulating aims in the optative mood and those drafting the plan in the imperative mood.

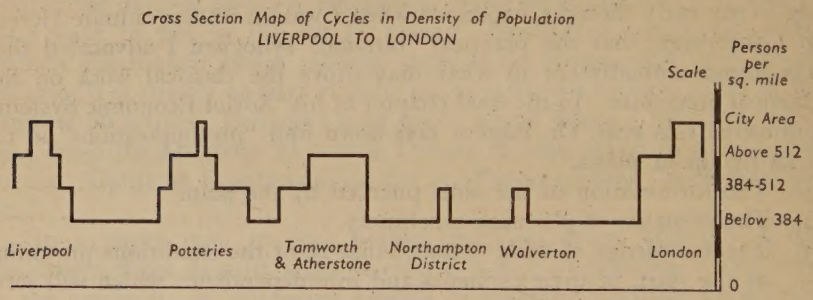
§ 2. Rut Patterns: The Way In and Out

The practical approach to a rational policy of change is to look upon the existing pattern as a rut and to find by scientific methods what stimuli will get people out of the rut and into the plan of a new pattern, such as stable employment, dispersed and decentralized location of industry or habitat, or a high and ever higher scatter of production.

*This was the word I used when I observed the phenomena in America. See U.S. Public Health Service Bulletin No. 106. The word has since become familiar to sociologists.

I said to find stimuli by scientific methods. This involves first a detailed measured survey in the indicative mood of the precise pattern of rut. Statistics, diagrams and curves of cyclical business and unemployment fluctuation from time to time are a familiar feature of economic textbooks and even of newspaper articles, so I need not reproduce them. But a factually measured pattern of town and country distribution over space is not so familiar, and to make our problem concrete an illustration is worth giving from my "Statistical Methods in Economics and Political Science."*

"Urbanization and the localization of population implies a geographical concentration of people, wealth, buildings, etc.; but these items are not all concentrated in one spot, they are only more or less concentrated at a succession of spots. A cross-section contour map might be drawn, say, from London to Liverpool along the route of the old L.N.W.R. main line, in which vertical height shows the relative densities of population.



"Such a cross-section looks similar to the familiar graphical presentation of business cycles. Density of population is the amplitude, distance in miles is analogous to time-span, and internal arrangement is given by the sky-line of the diagram. And the facts thus represented are similar. The essential facts of industrial fluctuation are that at certain times there is a concentration of activity measured by business done or economic values changing hands per week or month; the facts of localization are that in certain places there is a concentration of activity measured by density of population or wealth, etc., per acre or square mile. In both cases there are two separable questions:

(a) What is the amplitude, span, and form of concentration anywhere or at any time? and (b) At what particular times and places does the concentration occur? What is the precise incidence of the concentration?

"The form of concentration may be (1) a 'core' of high density of population, e.g., London or Liverpool, with an outer ring of medium density which is by no means equally dense throughout its circumference; or the form may be (2) merely a shorter or longer stretch of uniformly fair density. Case (1) are cities and suburban districts; case (2) may be

*Page 116 and footnote.

called industrial areas. The incidence of such an area is shown in the Tamworth and Atherstone coal mining district.

"In an agricultural area of homogeneous fertility and limited transport facilities villages may be expected at certain regular intervals, and market towns at more distant yet also regular intervals. An example of this, in purely agricultural country, occurs on the west to east line, St. Neots — Cambridge — Newmarket — Bury St. Edmunds, or on the south to north line, Ware — Royston — Cambridge — Ely — Downham Market. These market towns are distributed at intervals not more than 17 nor less than 13 miles from one another."

Now, having obtained by scientific measures a representative picture of the pattern of congestion in large cities, suburbs, and industrial areas, contrasting with the country and market town pattern, we may consider the possible stimuli that could get the population out of this rut. But before the economist or sociologist can form conclusions, it will help him to know (A) what is precisely the new pattern of plan that is desired as an optative; (B) what were the causes at work getting the people into the old rut pattern? To the scientist, the optative is simply a result for which he has to find the causes, and among the possible effective causes of new patterns, those that have been forming the original pattern are likely to be formidable candidates.

(A) The consensus of town and country planners, expressed explicitly by the Royal Commission on the Distribution of Industrial Population (over which Sir Montague Barlow presided) is first of all for the objectives called "Decentralization" and "Dispersion." In terms of the cross-section pattern this means that the population centralized or piled up in the "cores" of high density in cities should be diminished and smoothed down by a spread into the surrounding less densely populated areas—this is decentralization; and spread further afield into the low density areas—this is dispersion.

The pattern, in short, will change into a less serrated skyline than the sample pattern given above, though there will still remain a contrast of town and country; indeed green belts and perhaps national parks will prevent the lower levels, the valley floors, of the pattern being filled up.

But why this objection to the piled up, congested sky-scraper effect on the skyline? Congestion is objected to ultimately by the normal planner for reasons of human health, of human fertility, of amenity, and of lack of accessibility from home to work, and of the general lack of "community spirit." Some of these reasons against congestion can be formulated as statistical standards. The *urban* general and infant death-rate seems to be higher and birth-rates lower, than the *rural* rates; and the long distance and times spent in day by day travel by city-dwellers can also be ascertained. But amenity and community spirit and many other so-called social costs are more imponderable, and it is up to rationalists to make the conceptions involved more explicit.

At this point, where the discussion is concerned with the patterns

desired as objectives, it is important to examine a little further into the optative stage of my practical and, I hope, rational syllogism. Optatives may be of minor or major generality and if several are put forward, even by the same people, they may be contradictory. Reason by itself cannot, in my opinion, bring forth the ultimate and more general optatives—they are matters of taste and feelings. But reason can insist on an explicit, and if possible measurable, formulation of objectives and can point out contradictions between several objectives. Often enough these contradictions will not be evident until the objectives are explicitly formulated.

To return to town planning objectives. Amenity and community spirit certainly want more explicit formulation. And accessibility is not an ultimate objective since it depends to what sort of centres access is wanted; and may well be contradictory to some definitions of amenity. Inaccessibility is perhaps the chief curse of the rural "dispersed" areas *that are supposed to possess natural amenities.* As we say in a chapter on the Linkage of Town and Countryside in the Worcester Survey*, "country people have not shared in the progress in public utilities, higher education, shopping and entertainment facilities that has been economically possible where population is densely concentrated enough to support such progress."

But inaccessibility to further facilities is a curse difficult to plan against. EITHER the countryman goes without libraries, clinics, social services; OR facilities are decentralized in smaller towns and local villages where they must be on a small scale and comparatively inefficient and costly per service rendered; OR, more transport may be organized over long distances to the larger scale facilities of the market or county towns —at considerable cost in money, manpower, loss of leisure-time and fatigue. Now efficiency and low costs is another objective put forward by business men, and to day also by statesmen. Admittedly it is a subsidiary objective dependent on what your are to be efficient *in.* An efficient burglar is presumably less to be wished for, than an inefficient specimen.

But if efficiency means efficiency towards health or even wealth in the sense of a higher standard of living, then it is clearly an objective to be planned for. Yet planners, in their enthusiasm for the further objective of industrial Diversification, often forget the efficiency toward higher standards of living of a local industrial specialization. Here the rationalist must point to a clash of optatives and is well within his power in attempting to orientate the situation, as follows:—

(i) Diversification is subsidiary (i.e. a means toward the end) of a Stable Level of Employment.

(ii) Local specialization (the opposite of diversification) is subsidiary (i.e. a means toward the end) of a High Point of Employment, which may not however be stable.

* Glaisyer, Brennan, Ritchie and Florence, *County Town,* John Murray, 1946 pp. 117-8.

(iii) Now if the stable level, under (i) is not as high as the high points under (ii), there arises a clash of optatives and a more general optative must perhaps be formulated that will compromise between high points and stable levels through some conception of an optimum diversification-specialization position, yielding maximum average earnings over a long period of time.

(iv) But a further general aim comes into view, that of avoiding unemployment not because of lower earnings but because of "demoralization." "Morale" seems at first sight a vague objective, but psychological studies such as those of Dr. Marie Jahoda at Marienthal, into the attitude of the chronic unemployed make its meaning and significance fairly explicit.

In effect, surveys like that we made at Worcester under the title of "County Town," must consider both the local economic advantages presented for industrial specialization, and the mixing and dovetailing of industries to ensure stability over the seasons and trade cycles. Yet, other things (such as average earnings) being equal, a diversified pattern of industry with stable employment must be preferred *at least to some extent* over a specialized pattern that risks unemployment.

(B) If a new, more decentralized, dispersed and industrially diversified pattern is to be regarded as an objective which the scientist is to co-operate in achieving, he must ask what stimulus will be successful as causing that result. The answer will be helped by a further question of fact that can be asked in the indicate mood: What was it in the past which caused the old pattern rut of congested and industrially specialized areas? The answer here is mainly profit. It was profitable for industry to localize steeply since, as I have said, local specialization reduces costs and increases efficiency; and localization of industry means localization of population, since people cannot live far from their work.

I need not go into detail about the reasons why localization is efficient and economically profitable. Some cases, such as the Tamworth and Atherstone coal mining district in the sample pattern, are obvious. You cannot mine coal profitably away from the mine. Other cases such as Liverpool and London in the sample pattern, depend on the presence of harbours where merchanting, shipbuilding and manufacturing from heavy imported materials will be profitable. Yet other cases of profitability are more obscure, but depend like the Potteries in the sample pattern, on the sheer advantages of local specialization, regardless where.

Profit is the difference between total returns and total costs, and arises in these cases mainly because costs of materials or transport or other services are low. Will the case for localizing where costs are low be any different if profit to individual firms is given up as the directive force in the location of industry?

§ 3. The Profit Way

My own view, based on a series of planning surveys in the West Midland region on which I have been engaged, is that the profit (and

rent) motive has *within a region* often produced *in outline* the sort of physical plan that probably reduces social cost to a minimum, but that it has failed lamentably in detail. In outline a rational social plan would retain the town, village and country pattern,* and would have to include large cities.† Nor could it avoid mining districts. And within the city there would have to be, as there is at present (under the negative stimulus of rents too high for housing and factories) a central shopping-cum-office area.

But *in detail* the profit motive has resulted in cities spreading into continuous conurbations and factories spoiling what should be the amenities of the open countryside; and shopping centres often cramped into the wrong shapes and stretching along main traffic arteries.

As *between regions,* again, profit has led to over-specialization as in the areas once called 'depressed,' then 'special' and now 'development' areas. Profit-making hit them in two ways: (i) By concentrating in the region only those industries which the national resources of the region favoured and profit on which was very high; (ii) by the chance that the industries so exclusively selected all had a high risk of cyclical depression.

On the whole, though fairly successful in achieving the subsidiary objectives of efficiency and accessibility, profit has failed on amenity and on stability of employment.

Taking the three examples of a social pattern cited at the outset, I am inclined to conclude that the trade cycle, so commonly condemned, is largely due to profit; that the town and country pattern is also mainly due to profit but is not wholly condemned; while the stereotyping of individual output, which is wholly condemned, is due largely to the *absence* of direct profit to the individual concerned. So we have all sorts of cases. Profit is connected with patterns bad and mixed; no-profit with patterns bad as well, no doubt, as good.

If the incentive of profit is so powerful that it has got people into a bad or mixed pattern as into a rut, it may also get people out of ruts. The Industrial Revolution occurred because entrepreneurs under the stimulus of profits managed to break through the medieval rut pattern of guilds restricting the output of their members and allowing no new members into the ring. And to-day psychologists, like Roethlisberger, are finding output restricted in the factory owing to traditional codes of behaviour much like those of primitive peoples with their tabus, or, what is much the same thing, public school boys with their rigid code of things that are not 'done.' Factory workers, like the schoolboys infringing the tabu against working too hard, showing off, or giving away their fellows,

*The Scott committee are enthusiastic about the traditional English rural pattern of enclosed fields and concentrated villages. This is largely based on a landlord paid by rent and a farmer farming for profit employing village labour.

†Note that under the Russian plan Moscow has increased in population out of proportion to the country as a whole.

are under a curse as swotters, rate-busters, swankers, squealers, sneaks. In my own factory experience stereotyping of output occurred among workers paid by a system, the opposite of profits. The more they produced the less they received per unit; they were either on a time-wage or a degressive piece-rate system.* Profit, on the other hand, is steeply progressive, and may be the only incentive strong enough to overcome the rut of tradition and tabu. The 'overhead' cost of machines is fixed and machines are becoming a greater and greater proportion of total cost. Thus a worker "on his own account" living by profit may have the following situation to face:—

Total Net Output	Cost (Depreciation) on Machine	Total Loss — or Profit +
6	8	—2
8	8	0
10	8	2
12	8	4
14	8	6

Suppose he considers a production of 10 units at a profit of 2 units as normal; then a mere 20% increase in output to 12 units will net him double the profit, and a 40% increase treble the profit. On the other hand, a fall of only 20% will lose him profit altogether and of 40% involve a considerable loss. The rewards and punishments of profit are thus far stronger than a 'straight' piece wage, let alone a time wage. For on the straight piece wage a worker can never actually lose money, but only make nothing, and the income is proportionate to the output, not out of proportion.

Profit is thus likely to be the most powerful of the economic incentives, and if it could be applied directly to the work, would probably get workers out of the restricted output pattern rut. Probably economic incentives can be listed in order of their effectiveness somewhat as follows:—

1. Profit. The remainder after subtraction of expenses from receipts.
2. Commission on Value of Goods Sold. Discriminating Fees varying with Values involved.
3. Progressive Piece Wage.
4. Straight Piece Wage. Standard Fees per Transaction.
5. Degressive Piece Wage.
6. Time Wages, Short Term—Day or Weekly Wage.
7. Time Wages, Long Term — Monthly, Quarterly, Annual Salary. Annual Fees.

There is in fact statistical evidence collected by myself† and by the Industrial Health Research Board‡ to support empirically the position of

*See Florence, *Economics of Fatigue and Unrest*, pp. 256-7.
†*Economics of Fatigue and Unrest*, pp. 253-4.
‡I.H.R.B. Report No. 69.

4, 5 and 6. As for the prime position of profit, statistical evidence is accumulating in the building industry of the superior product per head of the small sub-contractor over the time-wage labourer. Certainly the original entrepreneur paid by profit was notoriously hardworking. At the close of the Napoleonic war when the profit-to-small-capitalist system was in its heyday in England, the French economist Say was filled with wonder at the restless industry of all classes of Englishmen. "Everybody seems absorbed in his own affairs," he wrote. "Those who allow themselves the slightest relaxation in their labours are promptly overtaken by ruin." Moreover, if workers, though on a time-wage are directly supervised by a profit-maker, he will probably get them out of their pattern of low production soon enough. Indeed, the profit system has been chiefly attacked in the past because it reduced costs by exploiting labour. With the growing strength of Trade Unions and modern wages-boards legislation, this exploitation can now be guarded against. To augment his profit the profit-making supervisor must reduce his costs in other directions than labour.

But in the modern industrial system most workers are not directly supervised by a profit-maker. The small business employing say ten workers or less, capable of being directly supervised by the boss or 'gaffer,' accounted, according to the Census of Production of 1930, for only 10% of all industrial workers. At least fifty per cent. of all workers were in factories employing 250 and over. In such large factories workers are supervised by a foreman on time wage, who in turn is supervised by a manager on a fixed salary, who in turn is probably controlled by a Board of Directors of a Joint Stock Company, the directors being paid by annual fee. The profit goes in the form of dividends to the shareholder who does not supervise the worker in the remotest degree!

The trouble with the pattern of low productivity is, in short, not profits, but the absence of profit *at the right spot in the right strength.* Profit-sharing among the workers when it is practised, shares out the excess profits so widely that they do not usually amount to more than perhaps 5% of the workers' earnings in the year. If too dilute, profits seem to lose their potency.

§ 4. Alternative Ways of Implementing Plans

Social planning is often acclaimed as the opposite of the profit system. But rationally speaking no such opposition follows of necessity.

The claim of antagonism arises from two fallacies. The first fallacy is a confusion in the claimant's mind between attempts to get maximum *total* profits, and attempts to get a maximum margin of profit per unit of output. Many manufacturers, notably Henry Ford, have made large total profits from selling a large number of units of output each at a low margin of profit. It is only when the producer aims at a high margin of profit that he raises or keeps up prices and thus checks plans for a large output and full employment.

The second fallacy from which arises the alleged opposition of planning and the profit-system, is the assumption that individual trading costs are necessarily different from social costs. Sometimes they are, sometimes they are not. To revert to our town and country pattern, the existence of narrow areas of special high density of population is probably a social advantage as well as profitable. On the other hand, long stretches of conurbation, though perhaps profitable, does probably entail outbalancing social costs.

Rational planning should be preceded by a survey such as four of us made of Worcester,* into the relevant habitat and habits and institutions of the 'plannees,' in short, their behaviour patterns, coupled with some assessment of the social costs involved that are generally accepted. One such social cost mentioned already is *inaccessibility*, e.g., of shops, offices, schools, from homes. Now shops, but not national schools, usually place themselves where they are, because of expected profits. But our survey did not find that shops were any more conveniently or inconveniently placed than the schools.

If planning is to be successful in achieving its objective it should regard profit not as a sin to be eschewed on principle, but, quietly and rationally, as one of several possible methods of implementation, a stimulus to be tested alongside alternative economic stimuli, or stimuli not economic at all.

Wherever plans are to be implemented there must in the last analysis be some drive, and some motive or incentive provided for someone of capacity and drive, to act sensibly and co-operatively, and to put the plan through with the willing participation of the 'plannees.' If profit is not the most effective motive, it may be some other cash nexus, or a duty nexus, a hobby nexus, a sport nexus, a civic nexus, or any combination of them. Even among business men incentives are by no means all cash nexi. Hobby and even 'status' nexi play their part.

Here is my comment on the attitude to his work of R. H. Best, a Birmingham manufacturer, manifest in the biography written by his son†:—

> "Best revelled in ingenious devices. He loved his experiments and their application for their own sakes apart from profit-making; but also, though perhaps unconsciously, I think he valued the independence which his business gave him. Once he had secured such independence he was free to pursue and apply his ideas whether they made for maximum profit or not, without interference from any superior authority and without financial embarrassment. His horror of becoming indebted to a banker would have applied equally to being controlled by shareholders owning a majority of voting stock. In short, Best enjoyed the status of a free entrepreneur—a man owning and managing his own capital—in and for itself."

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*Op. cit.

†R. D. Best, *Brass Chandelier*, pp. 13, 14.

Incentives are of course relative to the type of person selected. Some persons have inner drive and will be energetic anyway without positive incentives. Others look to the money. Others again look beyond the money to the goods and services they can buy with it—respond to a 'trans-pecuniary' incentive. Others do not look very hard; they are irrational in not basing decisions on calculations of profit.

Factories are durable, and we must realize that decisions to locate factories somewhere, taken in the past by the profit motive, would not always be the decisions taken under the present circumstances; and even at the time were not always, in each individual case, taken on a strict calculation of profit. The following situations, at the time the decision was taken and at the present time must be envisaged as possible and have actually occurred:—

1. Profit-maker 'irrational.' No calculation of profit.
2. Profit-maker calculates profit but incorrectly for the time itself.
3. Profit-maker calculated profit correctly for the time itself but:—
   (a) Incorrectly for present-day circumstances.
   (b) Correctly for present-day circumstances.
      (i) His profit no measure of the balance of *social* benefit over cost.
      (ii) His profit is a measure of the balance of *social* benefit over cost.

"It is a capital mistake to suppose that there is just one type of business chief and one fixed set of incentives to which he will react; that that type is marked by an insatiable appetite for pecuniary rewards, a machine-like precision and effectiveness, and an inhuman callousness to all non-pecuniary or trans-pecuniary considerations. This mistake is fostered partly by the economist's neglect of the variety and types of mankind and partly by his 'habit of describing the actions of groups of human beings in the passive voice or in the third person singular, and NEUTER at that.' Thus when price changes are under discussion the usual wording is that 'prices are fixed' or 'are determined,' not that so and so decides or would probably decide to change prices."

In the work from which I have just quoted* I distinguish a wide variety of types of entrepreneur or administrator. If industry were nationalized and profits entirely eliminated, one or other of at least four of these types would have to be used in planning and the execution of plans, namely the ex-employee (climbing up the ladder perhaps from the bottom rung), the ex-technician, the trained administrator, and the professional man brought in *ad hoc;* to which we may add (to be up-to-date with the new Coal Board) the ex-businessman and the Trade Union official. Each of these types working in however bureaucratic a *milieu,* will have characteristic springs of action, and social science must discover the typical reaction to various stimuli under various circumstances.

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* *The Logic of Industrial Organization,* P. Sargant Florence.

Nationalization and abolition of profit is not going to plan out the Kingdom of Heaven without a lot of toil and sweat—and rational thought —in organization research. And this research must be based on teamwork between political science, sociology, economics, psychology and, last but not least, applied anthropology. Universities and public-spirited associations are realising this need, as the foundation of the Mason lectureship at Birmingham by the Rationalist Press Association testifies. These lectures in "the field of the social sciences, especially social anthropology," to quote the terms of reference, are "to illustrate the scientific method of approach to problems of civilized society." It is hoped that a new generation will be trained as rationalists in the methods and outlook of scientific enquiry into social patterns, and that they will be able to weigh up the role of *profit* in turning *patterns* into *plans*.

Rationalists must take a wide view, and not forget that profit is only one sort of economic incentive; the economic only one sort of incentive generally; and incentives only one sort of stimulus. There is also the stimulus of compulsion, the donkey's goad rather than the carrot. Negative compulsion—the brake on the donkey—is already applied in England for town planning and the location of industry notably through the Board of Trade's refusal to license new factory buildings in congested areas: and through the older form of zoning areas for specific purposes. Positive compulsion, however, to build in a specified place, or to produce specified amounts of output at specified times, backed by legal penalties, is still generally regarded as infringing certain *major* aims and objectives of a Free Society . . . .But we are now getting into deep waters and it is time for one who is practised in the indicative rather than the optative and imperative moods, to make back to shore. .

My exploratory excursion into the waters of town and country planning and industrial activity and output have, I hope, led at least to the following conclusions:—

1. That the unplanned private enterprise profit system produces patterns of social behaviour as well as planned systems.
2. That some of these patterns or parts of the patterns judged by objectives are generally agreed to be good, some (or parts of some) as bad.
3. That in a free society, to get from an unplanned to a planned pattern certain incentives are required, of which profit is one.
4. That profit, properly measured and defined, should therefore be studied dispassionately, as a means (alternative to other incentives and stimuli generally) for achieving plans or parts of plans.
5. That, above all, rationalists should eschew looking on profit as either black or white—or indeed any colour—and answer by scientific methods the simple question where and how profit can be used in altering social patterns that want altering.

P. SARGANT FLORENCE

THE PROFIT MOTIVE IN INDUSTRY AND COMMERCE

THE term 'profit motive' has become charged, from much controversy, with a considerable emotional potential; it has been used with different shades of meaning, and it leads to totally different mental sets in those who seek to attack or defend what they take the term to represent. To some 'the profit motive' means sweated labour, low wages, excessive hours of work, price fixing by 'rings' and 'controls,' and other evils of industrial civilization. To others, the words represent free enterprise, healthy competition, a natural economic requirement. It is necessary, therefore, to reflect on such interpretations, and to decide in what sense the words are to be used in this paper.

A profit is said to be either gross or net; a gross profit is the margin between the cost of a product bought for resale—or the manufacturing cost of an article—and its sale price. A net profit, on the other hand, is that which remains of the sale price after all expenses in selling and distributing the article have been added to its purchase price or manufacturing cost. A large part of the difference between the gross and net profit on a commodity is accounted for by wages and salaries, and to some extent, therefore, the rates of payment are related to the gross profit margin.

In a capitalist civilization, the greater part of a net profit is considered the perquisite of the owner of the capital invested in the undertaking. Profit sharing schemes, and arrangements for bonus payments to staff and workers, depending on net profits, have made some inroads on capital's share of profits in some instances, but the fact remains that, in the main, it is the owner of the capital who receives the profits. It will probably be generally admitted that capital has had too large a share, in the past, of the profits of industry and commerce. In good times, organised labour has been able to exert pressure to obtain higher wage rates, but such increases do not necessarily reduce the profits, as Henry Ford demonstrated. On the other hand, in bad times, when profits fall or are changed to losses, the tendency has been to attempt to protect the capital owner from loss of profit by reducing wages and thus the cost of production.

So far, no mention has been made of the third partner in industry and commerce—the management. Just as capital is necessary to provide buildings, equipment and stock, and to pay wages until goods can be sold, just as labour is necessary to operate machines and to manipulate material, so management is essential to see that capital is best employed and that the activities of labour are best directed, so that the maximum efficiency of the organisation is attained.

In small businesses management is usually in the hands of the owner of the capital. In larger organisations, when this is not the case, management in the past has too often looked on itself as primarily the servant of

the owners of capital, with a first duty to them. Labour and capital have thought of their interests as naturally opposed, with management taking the part of the hired levies of the capitalist in the continual battle. We shall return later to this view.

The man setting up in business on his own as an agent, or as a retailer, has to live on the gross profit on the goods he sells. He thinks in terms of gross, not net, profits. Provided he can do a sufficient volume of trade at a sufficient margin of gross profit, he can live on the proceeds after paying his rent and small incidental expenses. If one were to make a fair charge for wages of the owner against gross profits of many such small businesses, the result would be a state of insolvency. The living which many derive from their activities is less than they would earn as paid employees of a larger undertaking. If such a man prospers, and the business grows, he engages an assistant, whose security in the job, and whose wage, depend on the expansion of total gross profits achieved by his effort. He has a direct incentive to further the success of the business.

Profit is an overall measure of efficiency, but it is no more than a rough and ready measure—it is not an exact one. This is because profits are affected by factors beyond, as well as under, the control of management. A slump in prices may lead to an organisation making a loss, although its methods of buying, manufacture and distribution are highly efficient. On a rising market, on the other hand, it is difficult for the least efficient business with reasonable stocks to avoid making a profit. It is this fact which complicates profit-sharing schemes; it is disheartening to management and workers who may have exerted their best efforts, to find at the end of the year that there are no, or reduced, profits for them to share, because of conditions quite beyond their control. But in any case, the true efficiency of a business cannot be defined in terms of net profit alone; from the financial point of view, such factors as unit cost of material, of labour, of machine oncost, of distribution, of general overheads, are all important. Each influences net profit, but failure in one or more respects may lead to a loss, though there may be high efficiency in others.

There are other measures of efficiency which, although in the long run they are reflected in the profit and loss account, can be assessed directly. They are those bearing on the wellbeing of the employees of the organization. Records of sickness and other absenteeism, of accidents, of labour turnover, indicate the success with which the human problems of industry are met. There is no single measure of the health and contentment of the staff and workers, but true efficiency cannot be attained at the expense of these factors; rather it is dependent on the degree to which every worker finds satisfaction in his job.

Nevertheless, profit has become the main criterion by which management, and owners of capital, judge the success of a commercial or industrial organization. Particularly from a short term point of view, this has many disadvantages. For example, a policy may be followed which will increase profits immediately for a short time, but ultimately destroy the

organization. Owners of capital looking at the profits are often reluctant to sacrifice an immediate profit to a long term advantage, and this outlook is reflected in management practice leading to timidity, or at least, excessive caution, when courage and vision are called for.

The effect of this 'remote control' of management, by excessive regard for the immediate profit position is often particularly unfortunate in matters concerning wages, conditions, and amenities for workers. In cases where the owner of the capital manages his own business, it is common to find reluctance to spend money on improving such things as lighting, and heating installations, cloakrooms and canteens, because the owner feels that the cost is coming from his own pocket. He may prefer to invest further capital in a new house or a new motor car, rather than in factory improvements which will ultimately show a reasonable return on his investment. In larger organizations with professional managements, the result is often the same, though the motives are different. A manager may prefer to invest in new plant or in factory extensions, rather than in improving conditions for the workers.

The growth of large manufacturing and distributing units has led to the appearance of the professional manager; it is underlining the fundamental truth that there are three factors in production and distribution—capital, management and labour. The old notion that the workplace was a field of battle, with the interests of capital opposed to those of labour, with management supporting capital, is, of course, false, although it is dying very slowly. In fact, capital, managment and labour are partners, with a common interest. No course aimed at damaging the position of one partner will, in the long run, do other than damage the organization as a whole.

As we have already seen, gross profit may be the equivalent of the wage of the individual worker. Profit is not correctly viewed as simply the reward of capital; it may be the reward of individual effort. By reason of the common interest of the three partners in industry, and of the fact that profit is a rough measure of overall efficiency, labour, management and capital owners are all interested in profit. To discuss the profit motive as something which concerns only the capitalist is fruitless; in this paper the term will be defined as the improvement of the monetary position of the individual, or, in other words, the financial incentive—the financial incentive to work with hands or with brain, or to invest one's capital in an undertaking despite the risk of loss. Our concern will be to assess the strength of the financial incentive in different circumstances, and to consider other incentives too often overlooked.

In the case of the capital owner, his entry into the partnership of industry or commerce is due, in the vast majority of cases, to the simple desire to improve his financial position. This holds for all investors of capital, from the small man who puts his savings into a small business which he runs himself, through the larger capital owner who, though he may participate in the management of his own undertaking, employs not

only productive workers but salaried executives, to the small investor who buys shares in some undertaking of whose nature and organization he may know virtually nothing.

All, in the main, are looking to financial gain, in the form of interest or capital appreciation. But it should not be forgotten that in some cases motives other than those of gain, lead people to invest money in an undertaking. Those who finance projects of immediate social betterment, such as housing improvement associations, village halls, repertory theatres, co-operative enterprises, etc., are moved more by philanthropic and other motives than by the prospect of the modest rate of interest they will receive. These motives are not always the same, of course, and they are mixed. At the lowest level, from the ethical point of view, comes the man whose support of such a project is obtained by flattery, and springs from his desire to stand well in the eyes of his fellow citizens. The prospect of some honour in the future as a recognition of his contribution to society may also be in the mind of such a man.

Sometimes an easing of an underlying sense of guilt is sought; the man who has made large sums in finance or business, conscious, if only obscurely, that he possesses an undue share of the community's wealth, seeks some relief by using part of it to support a project of social improvement.

But there are many instances where the motive is a genuine wish to benefit the community; this is not the place to explore the ultimate springs of conduct in these instances.

In the more common investments of capital, where the financial incentive is paramount, it manifests itself in different ways, according to the temperament and circumstances of the investor. To some, and at some times, *security* of capital or of interest on it, is the primary consideration, and a very moderate reward contents its owner. To others, and in different conditions, the desire for larger gains promotes a willingness to incur risk of loss of capital or fluctuations in earnings. The joint stock company, with its different classes of loan and investment capital, provides for a wide range of needs—except for that of the ill-informed optimist who hopes for both security and a large return.

It must not be forgotten that the development of many industries with important social consequences has been dependent on the willingness of men to risk their capital on projects that appeared to the sober and less imaginative to be wild and fanciful. In such cases, the investor has hoped for, gambled on, perhaps, a very large reward for his daring. It is sometimes argued that such developments are possible only under conditions of free enterprise, that officials of public corporations or of government departments would shrink from the responsibility of embarking on such gambles. While it may be true that the training and traditions of the British Civil Service are not such as to produce a mental outlook of the type required, this is no argument that in altered circumstances the official mind would be incapable of reaching bold decisions. In time of

war such developments occur, on scales larger than in peace. The greatest industrial gamble in history was the decision taken to build plants costing hundreds of millions of dollars to seek to produce in quantity—what the scientist had demonstrated on a tiny scale to be practicable in the laboratory—plutonium, raw material of the atomic bomb.

An unlimited return on capital is not a requisite for industrial development; it cannot be denied that in the past the owner of the capital, or, rather, the owner of the equity of the business, has received, or claimed, an excessive share of the products of the joint enterprise to which he has contributed only one of the components necessary for success. The repercussions of this situation on the outlook of the other two partners, management and labour, will be touched on later.

There is a middle course between unfettered 'free enterprise' and state ownership of all means of production, a course which may prove the solution most appropriate to the British habit of compromise, although in this case compromise is not the most appropriate term. In Mary Parker Follett's phraseology, if all three parties will face the position squarely, the "law of the situation" will become apparent, and "integration" of the different points of view will result. Already, some prominent industrialists, representative of management rather than capital, it is true, are talking of fixed, or limited, interest bearing capital. It should not be impossible to devise a means for fixing the rate of interest on a sliding scale according to the risk involved, with associated plans for sharing any net profits in excess of such interest between capital, management and labour, and the consumers (in price reductions) in clearly defined proportions. Such a method would sweep away much that has been, and remains, ground for resentment and suspicion on the part of labour; it would not in itself guarantee good industrial relations, but it would provide a firm foundation on which to build.

The financial incentive is strong, too, with the professional manager, although other incentives often less recognised are of considerable importance. The professional manager is usually one who has made his way to the top by reason of his possession of qualities of mind and disposition, and of education and experience, above the average. The effective manager must accept responsibility, display qualities of leadership, plan ahead, appreciate the total situation in which his organization finds itself. To the management group belong, too, the senior technicians and those in charge of research and development—the design engineers, the chemists, the physicists and other scientists. The improvement of their financial position is certainly a major factor in the effort of these groups of men, since they know that their salaries and positions depend on the success of the enterprise. The attitude of the capital owner bears on them too—their efficiency is judged by the size of the profit. If the owners feel that they are not deriving an adequate return, they charge the management with the responsibility. The individual executive's income and

security of tenure are thus affected, and the requirements of capital act as a spur to his efforts.

Another indirect effect of the desire for improvement of his financial position is the social implication involved. Higher income brings not only added material comforts—social status is improved; even if this is more ostensible than real for the man himself, his children may benefit, and ambition for his children's future (to say nothing of his wife's urgings), often provides the real background of the financial incentive.

But managers and technicians also derive satisfaction in the overcoming of difficulties, in technical advances, in new discoveries, in surpassing their competitors—in short, in the sense of power derived from their position and their work. Satisfaction in achievement, even without financial gain, is a major motive with the manager and the senior technician. The direction of a modern, well equipped factory, with the latest machinery, is a great stimulus to the works director; the evolving of improved manufacturing methods or of a new and ingenious machine is the aim of the production engineer; the research chemist who arrives at a new process or a new product experiences a sense of triumph similar to that of the pure mathematician who arrives at a neat solution of his problem.

In the past, achievements on the physical, mechanical and technical planes have bulked largest in the eyes of executives; there is increasing recognition that good labour relations call for as much thought and effort as good production methods; that to win the confidence and goodwill of employees may present a more difficult challenge than the design of new equipment. The wider view of management's responsibilities which is now being taken is leading to the position where achievement in the field of human problems is recognised as the most important of all, and as productive of the greatest satisfaction. As the managing director of a textile firm put it—"We used to think of ourselves as spinners, as manipulators of fibre and machines—now we know we are managers of men and women."

When one considers the rank and file of workers, clerical and operative, the relative importance of the financial incentive diminishes, and other motives, complex, obscure, many as yet little understood, have to be taken into account.

There can be little doubt that the migration from agriculture to factory industry, which accompanied the industrial revolution, and was essential to its development, was influenced largely by the financial incentive. Agricultural labourers, in the conditions existing in the early part of the nineteenth century, must have found the higher wages offered by the factories a great inducement to them to make their way to the towns. From this point of view, the desire to improve one's financial position has been an important factor in the growth of new industries; a new industry has usually tended to offer higher rates of wages, in order to attract labour from existing industries. This held good even in periods of heavy unemployment—the new industry was not prepared to accept only those with-

out work who tended to represent the lower levels of the working population from the point of view of efficiency.

Even in such cases, the financial incentive is sometimes not the major one; the new industry may offer lighter work, cleaner conditions, shorter hours, and other advantages which attract workers from older industries.

The craftsman, before the development of factories, was paid according to the results of his work. If he was skilful and quick, and prepared to work long hours, he could produce a large volume of the goods of his craft. If his skill was high and he produced articles of superior quality or design, he could command a higher price for them. In each case his earnings were larger than those of his less skilful or less energetic fellow. But the financial incentive was not the only one, even for the individual craftsman; pride in achievement, and in individual creation, triumph over material difficulties, and the sense of power derived from success, contributed to an interest in the work which itself stimulated the craftsman to further efforts.

The early factory worker was usually paid by time; he received a certain sum for every hour during which he worked for his employer. As industries grew, and the factory population expanded, the attractiveness of a higher rate of pay in the factory than elsewhere ceased to be as important an inducement to the worker as before. It was not long before the fear of unemployment became the main incentive to good work, and it remained the primary incentive until 1940. The employer relied upon discipline and supervision to ensure that his workers did their best for the wage he offered; dismissal was a supreme weapon in his hand through most of the nineteenth century.

But supervision is costly, and employers were quick to turn to the idea of making earnings dependent upon output. With such a method of payment, the worker became his own supervisor to a large extent. When conditions permitted, piece work became the rule. Under this system, it was argued, the individual, urged on by self interest, would do his utmost to earn as much money as possible, without further spurring on by his employer. So long as piece rates were so low that the worker had to exert all his efforts in order to earn sufficient to house, clothe and feed his family on the minimum scale, this argument largely held good. As piece rates improved, its force was reduced; not many workers, in fact, were prepared to continue at full pressure indefinitely after they had earned sufficient to meet their normal needs. The time comes when a man balances the extra effort against what that effort will bring him in material comfort. The importance of supervision and the fear of dismissal therefore returned; the employer decided upon some level of output which he regarded as desirable, and those who could not or would not attain that level, despite the spur of earnings, found themselves unemployed. The employer, in other words, would not provide capital—in the form of factory space and machines, except for those who would make the best use of them.

Piece work undoubtedly led to an increase in average output per man; piece rates were fixed so that the worker had to exert more effort to earn the same wage as he had formerly received when paid a fixed rate. This was the reason for the opposition shown to the introduction of piece rates in some industries, by organized workers. The success of the system led employers whose products did not permit of the setting of piece rates to search for means whereby output could be related to earnings. A series of bonus schemes was then developed. Some of these schemes were designed to overcome a disadvantage—from the manager's point of view—of straight piece work. If piece rates were set on a generous scale, earnings rose rapidly as compared with the previous day rate, and the employer too often considered that he had been unnecessarily generous, even if the wages cost per article had been reduced. The full benefits of the financial spur were not derived. The evils of giving the working man too much money, which he might squander in drink, were instanced as reasons for cutting such piece rates—but cutting of rates led at once to industrial strife, and the fear of cutting of rates produced deliberate restriction of output by the workers.

Some of the bonus plans dealt with this difficulty in a very simple manner; the bonus formula arranged that the more the man did, above a fixed base line, the less he got for each succeeding unit of output. Thus, his extra effort produced larger overall wages, but if the base line had in error been fixed unduly low, the man's final earnings were not disproportionately higher than had been the case when he received a flat time rate. Modern bonus schemes have abandoned this method.

This brief review of the growth of payment by results forms a background against which the present day attitude of the worker to the financial incentive can be viewed. Four other developments, however, call for consideration. Firstly, industry has become more and more mechanised, production processes have split up into a number of simple operations, the conveyor belt has come to set a rate of working in many tasks. The ratio of skilled craftsmen to semi-skilled and unskilled workers has declined, and opportunities for work which is seen and felt to be creative grow less year by year.

Secondly, the social services have grown steadily: the individual has no longer to pay for the education of his children, who may also receive some food, and sometimes clothing, without charge, from the education authorities. Family allowances are also now paid. Health insurance and Workmen's Compensation Acts have provided a measure of security for the worker against ill-health and accident. Shortly, a comprehensive Health Service will safeguard him and his family. Unemployment insurance and the Assistance Board have softened the consequences of dismissal, and State pensions relieve the worker of the need to provide himself entirely for his old age and that of his wife.

Thirdly, Great Britain has developed an industrial civilization. The size of its productive organizations continues to grow, and the stratifica-

tion of society has become complex. The opportunities for the rapid financial advancement of the individual worker to a position where he becomes his own master may or may not be less than in the middle of the last century, but the urge to seize such opportunities is certainly not so great. Industrial society has become more static; there is an acceptance of one's position in life, a contentment with a routine or humdrum rôle which astonishes the visitor from the United States, particularly if he comes from the Middle West or West, where development is rapid, and the spirit of the pioneers still inspires a large proportion of the working population.

Fourthly, the conception of industrial democracy in parallel to political democracy, has grown. Workers will no longer accept tacitly the view of the old time capital owner and manager, that their employees were "hands", paid to work and not to think, in the terms of the reply so often given to a man offering a suggestion as to how some feature of his job might be improved, not merely from the viewpoint of his own comfort, but from that of general efficiency. To have a say, however small, in the government of his town, and of his country, but to be denied any part in the management of the undertaking in which he spends his working life, is an illogicality that affronts the present-day worker. Finally a state of full employment, where long-term unemployment no longer exists as a ruling fear, gives the worker confidence in his assertion of a claim to a larger part in the conduct of industry, besides removing what has been throughout our industrial history the major incentive to work.

In discussing the present-day attitude of workers to the financial incentive, it must first be stated that evidence, based on scientific investigation, is of the scantiest kind. What is offered for consideration is mainly the fruits of direct observation in many industries over nearly twenty years, supplemented by data from the records of some thousands of interviews, of a confidential nature, in which the anonymity of the worker was preserved.

The financial incentive does not operate freely, unhindered by other factors. In other words, even if it were true that an individual was urged by desire for monetary gain to exert every ounce of effort of which he was capable, conditions frequently exist which impose a brake upon him. One such is the level of output accepted by the working group, as a socially desirable maximum. The history of rate cutting has led to a fear of its imposition if earnings rise to too high a level. Consequently, a working group tends to fix, sometimes by explicit agreement, sometimes more vaguely, an output figure, to exceed which is considered to be socially undesirable from the point of view of the group.

A dramatic illustration of this point was provided by the investigations in the Hawthorne plant of the Western Electric Company, described by Roethlisberger and Dickson in "Management and the Worker." In one department an agreed maximum individual output was understood and accepted by the working group. One worker who was specially skilful

could surpass this limit with ease; sometimes he did so, apparently from a satisfaction in achievement, but when he did he falsified his output returns, so that his excess on the agreed maximum could be credited to one of his less apt colleagues, who therefore received payment for it.

Another instance of deliberate restriction of output, where the motive was different, and sociologically perhaps more interesting, comes from a laundry. Here, in the sorting department, was a group of workers who fell into two parts. Some were women of 40 years or older, many having been a long time in the service of the company; others were young girls of 16 or 17. The girls were clearly more dexterous than the older women, yet their output and bonus earnings did not exceed those of the older group. When they were asked why they did not use their ability to earn higher pay, their reply was that they would like to, but that if they did much better than their older co-workers, the latter resented the fact, and made things so unpleasant for them that they quickly fell into line. Here was a case where more money could not compensate for a critical and unfriendly attitude on the part of those with whom one had to spend one's working life.

Another reason which reduces the effect of the financial incentive is often found with young girls and boys. Parents commonly take from their children their whole earnings, giving back to them a fixed sum each week as pocket money. In this case, the youngster derives no personal benefit for efforts above those necessary to satisfy his parent, unless he can contrive to conceal the amount of his earnings. It is common to find that output, when paid by piece or on a bonus system, has risen considerably in the weeks before a holiday period, particularly in the case of juvenile workers. Perhaps it is possible to conceal the excess of earnings on such an occasion, although it would be difficult over a prolonged period.

These three examples illustrate the existence of factors outside the worker, which impose limits on his effort; let us consider now those coming from within. Although every worker is obviously concerned with the size of his pay packet, his primary concern is that this shall provide him with a reasonable standard of life; in very many cases this 'reasonable standard' is, indeed, a modest one. Once this essential is met, and the worker expects it to be met from his basic hourly rate, he is prepared to work a little harder than that basic rate presupposes, in order to provide himself with something in excess of his minimum needs. How much the individual is prepared to do depends on his circumstances and disposition, but the notion that the possibility of increased earnings through increased effort will spur him indefinitely is, of course, quite false. Every worker balances the extra effort against what it will bring in material advantages.

At the present time, circumstances combine to make the additional money not sufficiently attractive to warrant the additional effort. Social services relieve him of much of what used to be a personal financial responsibility—the rearing of children, saving for old age, illness and unem-

ployment—high direct taxation, made very obvious by the P.A.Y.E. system, advantageous though this may be, and shortage of consumer goods, all reduce the value in his mind of earnings attained only by greater exertion. There is, too, the widespread feeling that the owner of the capital derives more from this extra effort, in the form of profits, than does the worker himself. This does not mean that workers are not greatly concerned with the amount of their weekly wage; there have been plenty of demands for wage increases since the end of the war. But these have been for increases in basic rates—for an increase, that is, in the amount received for the giving of a normal amount of effort. And here another point should be mentioned; there is a hierarchy of jobs, although as yet it has not been scientifically explored. There is a fine grading of different jobs, not only between crafts and industries, but within each industry; in the workers' eyes the status of a job in relation to others seems to be fairly clearly defined, and any management action which upsets the hierarchy arouses immediate opposition. One example was seen in the 1914-1918 war, when the Ministry of Munitions increased the rate for engineers; there was an immediate demand from workers in other industries for comparable increases which would restore the former balance.

The investigation of workers' attitudes by the technique of the confidential interview has shown that complaints about the individual's actual earnings are relatively few. Complaints about wages usually relate to "unfairness"; if workers in one department, whose job is considered of equivalent status to that of another group, receive greater wages, dissatisfaction is caused. And, it should be noted, it is a difference in basic rate that matters, rather than in total earnings under a bonus scheme or piece work plan. In one instance, a managing director was astonished to learn that workers in one department felt themselves wronged because the hourly rate was lower than that in a second department, although their total earnings under a bonus scheme which had provided a more generous bonus rate in the first than in the second department, were considerably higher.

The worker's attitude to his job, and the effort he is prepared to put into it, produce what is sometimes called his "level of aspiration." This reflects his knowledge of his own capacity, the satisfaction he derives from the actual execution of the work, social pressures within and without the factory, which bear on him, and his interest in and understanding of his job. The financial incentive certainly does something to raise this level of aspiration in the individual; it is affected, too, by his suitability by talents and temperament for the work on which he is engaged, and by the quality of the training he receives to develop his innate powers. These last two points bear particularly upon the satisfaction felt in carrying out the job efficiently and quickly.

The importance of interest and of understanding of the social value of the work, from which emotional satisfaction can be particularly derived, has been greatly underestimated by management in the past. There is

very little intrinsic interest in much of the mechanised, repetitive work in industry to-day, and the process of further simplification of individual jobs will continue. Interest must, therefore, be created, and the only means would appear to be by explaining to the individual the part which he plays, through his apparently trivial task, in the manufacture of the final product, in the life of his organization and in the economic life of the country. This understanding on the part of the worker is now largely lacking; it can be supplied by management and trade unions working together. Such knowledge, with the development of industrial democracy which associates the worker with the management of the undertaking—and the works council and committee plans are pointing the way—can lead to the true *participation* of the individual in the activities of his firm, and in the industrial life of the nation. C. B. FRISBY

SOME TRADE UNION PROBLEMS

THE real issues of this year's Trade Union Congress were those connected with the relation of the unions with the Labour Government (especially in respect to its policy on production), the question of workers' participation in management, and such problems as the 40-hour week, the employment of Poles, and conscription.

The closed shop principle, the constitution of unions, and their relations with one another were not real issues, because Congress has no control over the internal affairs of its constituent bodies. It cannot take steps to modify the constitution of an affiliated body and cannot decide upon a common policy in regard to the closed shop. If a union wishes to institute a closed shop in a particular industry or section of industry, it is its own affair. In the main, there is a sentiment for the voluntary basis of unionism, although the application of the closed shop simplifies the administration and cheapens the cost of organization considerably. The feeling for democracy is a real one, and this is reflected in the constitutions of the individual unions, which on the whole are more democratic than similar bodies in other spheres. As to the relations between unions, again this is a private matter, though there is a general ruling against poaching. The rationalisation of the structure of unionism proceeds piecemeal by voluntary amalgamation. Congress will accept the affiliation of any union of whose *bona fides* it is reasonably assured. Breakaway unions are in a different category, and here Congress takes a firm line and refuses affiliation, owing to the encouragement recognition would give to fissiparous tendencies, and the consequent danger of general disruption of the movement. If, though, a breakaway union was successful and captured the great majority of workers within its field of operation, Congress would find difficulty in maintaining permanently its veto.

Strain on the Leadership

The coming to power of the Labour Government, based in the main upon its own membership and led in part by men from its own ranks in

association with friendly middle-class elements, presents Congress and the unions with many problems and the need for adjustments in attitude and in policy. These needs are none the less real and exacting because they were not unforeseen before the advent of Labour to power.

A major factor in the new position is the strain that the coming to power has placed upon trade union officialdom from the top to the bottom of the ladder. The taking of office and the policy of nationalisation have severely drawn upon the resources of leadership at the top. For instance. the Coal Board has taken in Lord Citrine and Ebby Edwards, two front rank figures in the movement; indeed it might be put stronger than this, for Citrine might well be described as the kingpin of the machine. It requires no imagination to see what would be the effect on union administration if each major industry to be nationalized were to make similar demands on the leadership. It is true to say, no doubt, that the Coal Board was an exceptional case, in that it was considered by the Government as a test case for nationalization as a policy, and exceptional demands were made on the unions in consequence. Still, the problem of the drain remains, even should it not be experienced to such a sharp degree in future nationalization schemes.

There is a similar drain in the middle ranks of union officialdom for the filling of regional and lesser appointments. To rectify the shortage and to increase the effectiveness in these grades, Congress has taken action in the provision of allowances to enable full-time officials to have university training; and for this purpose courses have been instituted at universities on the basis of one year full-time or two years half-time, the latter to fit those officials who cannot be entirely freed from their duties by their unions. Certain individual unions make some provision for the education of their officials, too, though usually on a modest scale. An alternative to this policy of giving training to union personnel would be the employment of the university-trained product from the open market, a policy not favoured because of the absence of the ideological sympathies and loyalties necessary in a union official. Rapid change of employment and opinions in professional and administrative circles is acceptable to society generally, but it would not do in a workers' movement, where constancy and irrevocable loyalty is a necessity to successful organisation. As a whole, union officials have shown remarkable loyalty to the movement, cases of desertion for more remunerative or attractive fields of employment being rare. This has been achieved by the continuous cultivation of a sense of solidarity and brotherhood within the movement, a condition unparalleled in British associational life.

At the ground floor level of union structure, participation of workers in management through representation on Joint Production Committees, Working Parties, and similar machinery has revealed greater shortcomings than are evident at any other level. A first-class shop steward is not only a *rara avis,* but one that is usually called away fairly quickly to his district

or regional office to become a full-time official. Besides the ordinary difficulties attendant upon obtaining suitable candidates for representational work, and the discouraging tediousness and thanklessness inherent in this kind of work, there is the absence of the right material due to poor education and the lack of specialised training in committee, negotiation, and other necessary procedures. Sir Stafford Cripps' statement on the limitations of managerial abilities in the working class may have caused a certain amount of chagrin amongst idealists but will be largely admitted by those with intimate knowledge of industry. It is impossible to hope for any radical change in the system of national education over a short period, but training classes in the specialized work of the shop steward could be given, perhaps in association with classes on elementary logic and English composition. These courses, which would have to be in working hours, could be easily arranged in urban centres. The cost would be a matter for the employers, the unions, and the local Education Committee to thrash out.

In considering the deficiencies of representational talent on the workers' side, shortcomings must not go unnoticed on the side of the employers. It is frequently the case that employers and their representatives have not the slightest idea how negotiations should be carried on. The writer, during the war in a position equivalent to convener of shop stewards, often wished he could conduct a class for employers' officials on the principles of negotiation in a democratic society! Sometimes the deficiency is not due to inexperience but to prejudice, the lack of belief in the value of joint consultation, caused either by the experience of the mal-working of their own works' council or by the holding of the traditional belief in the exclusiveness of the managerial function. Faith in the value of joint consultation is a pre-requisite to its effectiveness in action, and the production of trained personnel to carry out the work must inevitably reinforce faith and vision in its possibilities. Of course, there is the contrary danger of expecting too much, a not unusual cause of despondency and set-back, particularly in working-class affairs.

It is impossible to leave the topic of trade union personnel without a speculation passing through the mind of the likely effect of a really sufficient system of national education, one of the social ideals of the day. The filling of the higher positions in the movement has been limited by the inefficiency of a system which has allowed persons with unusual abilities to go uneducated. An efficient system must in part screen off ability from entering the ranks of trade unionship at ground floor level, the common entry at present.

The 40-Hour Week

The questions of the 40-hour week, the dilution of labour, and efforts to increase efficiency in industry are bound up with that of the estimation of the chance of success of the Government's Full Employment policy. To be tactful, the problem is generally broached in Labour circles by

saying that a slump commencing in the U.S. may engulf the economy of this country, but the claim implied that the Government has the solution of the employment question would be a bold one. Industrial depression has been a recurrent phenomenon about once in a decade for the past 100 years; has the formula for its avoidance been found? There are hopeful factors. It is only in the last few years that it has been felt that it is the job of a government to intervene in any way in such an event as a slump. The sick body politic was left to the healing qualities of time, economic theory precluding remedial action. In this country, the only action taken to arrest depression has been confined to programmes of public works and a policy for the provision of cheap money in order to induce capital investment. In the States, the experience gained by the New Deal policy of Roosevelt has given more extensive data on combating unemployment; even so, very little is known. There is no doubt, of course, that a Labour Government will be willing to take very much more radical action than any envisaged before in a democratic country for the solution of unemployment problems, and its setting up of an economic body for planning and research under a Cabinet sub-committee is a big advance on any action of the past. Scepticism still remains, however, in the mind of the long-headed union official, particularly in those occupations such as mining and agriculture which suffered severely in the past owing to a surplusage of personnel. On the other hand, the Government is the trade union's own government, or very nearly so, and the unionist cannot afford to do anything but support in large measure its actions. A degree of scepticism is healthy, all the same, and those who think that they are living in an entirely new world have some nasty shocks to face.

The employment of the Poles must be seen against this background. It was the very industries of mining and agriculture, that had suffered depression in its most severe form, which were expected to open their ranks freely to an element that, owing to background and tradition, would be most likely to co-operate in a policy of undercutting wages should unemployment recur. The unions of these industries are happy in the strength given to their bargaining power by the under-employment factors, and substantial benefits have already accrued to them. There is another factor in the natural resentment of workers at having to work alongside a large influx of people of alien culture, language and nationality. This resentment is stronger amongst people of simple personality, as miners and agricutural workers frequently are, than amidst more sophisticated elements. This, of course, does not absolve Congress for its shocking attitude to the Poles (contrary to all the tenets of the brotherhood of man and the internationalism of the movement) shown in the speeches of delegates on this issue. The determining factor in producing this attitude was the initiative of the Communist Party, who were concerned with the rebuff to a Soviet-controlled state that a refusal to return to Poland implied, and the episode represented their usual bad behaviour

and methods in supporting their line. Only one delegate had the courage to speak of these Poles as if they were not all individually criminals and barbarians.

The protagonists of the 40-hour week claim that the level of production will not be affected, and that in any case it will not begin to come into effect for two years, as they only ask the Government to put the measure into the King's speech of next session, a year ahead. There is some doubt on the former contention, however, as to the effect on production. In certain industries production would be affected, but even if this be true, the validity of the demand should not be seriously endangered.

There is a lot of misconception about the 40-hour week amongst professional and administrative workers generally. People in these categories often speak of themselves as working a 60 or 70-hour week, a fantasy of the imagination in by far the majority of cases, except for comparatively short periods of two or three weeks or less. Even if one discounts the amount of attention given to personal affairs and in doing nothing in particular during normal working hours, the 60-hour week is an illusion. Parallel with this view of the relative amount of work done by the two classes is an illusion as regards earnings. After the last war, miners were reputed to be earning a thousand a year and purchasing pianos and fur coats for their spouses—a provision considered unwarrantable. The wage rates paid in 1946 by a London metropolitan borough council, and wage rates in such an area are the highest in the country, are, for labourers, £4 16s. 0d., and for craftsmen £6 3s. 5d. per week. There is no thousand a year here, or anywhere else save in the imagination of some disgruntled newspaperman or his dupes.

As to quantity of work, is too much energy expended by the average worker? A casual visual inspection of the features and physique of the worker in the street gives the answer to the question. The average worker is undersized with pinched and pasty features. Vital statistics in the different grades of vocational occupation bear out the evidence of the eye. In many employments, mining for example, the retiring age is seldom reached. There are other factors involved, such as nutrition and housing, but by far the greatest factor is the expenditure of too much crude physical and nervous energy. Not only must the shorter week come, but careful consideration must be given to what is done within this shorter period. It is quite possible for a person to be severely overworked on a 40-hour week.

The Status of the Worker

The question of full employment is directly tied up with the position of the worker in relation to the rest of the community, and also the relative position of one type of worker with another. "If I had my way," said this year's chairman of Congress, Charles Dukes, speaking at the Labour Party conference at Bournemouth, "I would expunge from the English language the term 'labourer.' " Many union officials testify to the

fact that it is not wages but working conditions that determines selection of employment to-day. The stability of society to-day depends largely upon the acceptance of working conditions that are tolerated either through the extreme naïvety of the worker who accepts without question that the working part of his life should be hateful, or because he has been forced into such occupations in the past by the severity of unemployment. The naïvety is disappearing, and full employment kills the other factor. Only a revolution in outlook will prevent certain industries being left high and dry for labour. The revolution has come about in part already by adjustments in wages and the introduction of the welfare department into industry, but much still remains to be done, particularly in the industrial north and Scotland, where jungle conditions still largely prevail. A determining factor in progress in the field of welfare will be the estimation of the employer as to the validity of the policy of full employment. If it comes to be realised that no large pool will be available from which labour may be drawn upon on buyers' terms, many managements will launch much more fundamental schemes in the welfare line than they have hitherto entertained. Up to now, welfare has been regarded as an adjunct to, and not a part of, management.

From the ethical standpoint this question of the status of the worker seems of prime interest. The matter will not be resolved by calling the labourer by another name, but only by changing the method of his work and the terms of his employment, and this is what was no doubt in Charles Dukes' mind. Bernard Shaw many years ago wrote of the surgeon as an example of a person doing a dirty job in a clean way and with an agreeable status in society. The logic of this example is inescapable, no job need be dirty or unhealthy; at least, a revision of opinion on methods and cost can alter its whole character and appeal.

No step for the bringing nearer of the ideal of the brotherhood of man would take us so far as the elimination of the dirty occupation and the caste system that goes with it. The acceptance of a person as a brother is much more likely to be effected if there is an external resemblance physically and in garment. This is probably as near to the ideal of brotherhood as we are likely to get. M. L. BURNET

CHRISTIANITY AND CIVILIZATION

The Testament of Christian Civilization. By Joseph McCabe. Watts, 10s. 6d.

Spain and the Vatican. By Avro Manhattan. Watts, 6d.

Latin America and the Vatican. By Avro Manhattan. Watts, 6d.

Mr. McCabe's new book is a connected series of translations of documents or odd pages of works which have a vital bearing on the history of Christianity. A very large part of clerical historiography is naturally of an apologetic tendency, bringing favourable aspects of the church into clear focus without dwelling too insistently on much that is admittedly

deplorable. Writers of another tendency, such as Lea and Coulton, have given a detailed picture of the Inquisition and of many aspects of mediaeval life; the Roman Catholic Pastor, in his very voluminous work has illuminated the character of the Popes of the Renaissance and Reformation period with a candour that must scandalize those of his readers who have been brought up to venerate the Papacy. They would be scandalized a good deal more if they could read some of his sources or even some of the selected documents he relegates, like Ranke, untranslated to an appendix. This is where Mr. McCabe comes to the aid of the reader unacquainted with the languages the ecclesiastical historian has to master. A scholar and a historian himself, he weaves into his presentation of the historical background from the first century to the nineteenth, a series of illustrative documents, many of which are seen here in English for the first time. No Christian writer, he says, ever ventures to translate literally some of the phrases used by St. Jerome, St. Cyprian or St. Augustine, but he has reproduced the original in English "as far as the modern police will let me repeat the language of these holy men." He has given a prominent place to general judgments on their contemporaries of representative men, such as those just mentioned, as well as the verdicts of modern historians on more recent periods. Mr. McCabe has not attempted in this volume a general summary of church history, which would be impossible within such limits and in any case superfluous. He presents the plea of the Devil's Advocate whose function it was to show (so far as he dared) in connection with the canonization of an alleged saint that his miracles were bogus and his holiness a sham.

The result is certainly impressive. It is impossible to read this chain of testimonies extending through all the Christian centuries without being driven to doubt whether the barbarism of Christian Europe was any improvement on the barbarism of pre-Christian antiquity. After all, why should we expect it to be as a result of the growth of the Christian Church? Why should we expect a corporation of priests to put any object before its own wealth and power? This was the aim of the early episcopacy, later of the Popes in the west and of the Patriarchs in the east. The Church was no sooner established than it began to agitate for the suppression of pagan worship, and soon it was seeking to have heretics hunted down and killed. The massacre of the Albigenses; the Crusades with their monstrous destruction, brutalization and homicide; the Spanish Inquisition, and the expulsion of the Jews from Spain; the devastating fury of the religious wars of the 16th and 17th centuries, were largely due to the presence in Europe of an ubiquitous and powerful organization devoid of scruples when its interests were at stake. The notion that Jesus was a moral reformer and that the purpose of the Church is the improvement of social conditions is a symptom of the decay of religion. The Roman Catholic Church expressly repudiates this idea; no Christian Church can afford to accept it. The modern public, however, expects that Churches should be of some social value, and that

their teaching should not be too absurd. Hence the enormous output of reinterpretations of doctrine and the unceasing self-advertisement by which the various religious bodies seek to maintain a place in public attention. Their propaganda can hardly obscure the fact that the factors which have made modern civilization possible have little connection with the work or the teaching of any church. These factors are mainly science, which grew up outside the churches, and in spite of their hostility, and modern industry which has had little to do with religion. Their influence has been to make our lives longer, more intelligent, and, in spite of two world wars, more humane than life ever was during the Christian period. Even relatively minor social changes, such as the lighting and sanitation of our towns or the granting of allowances to the aged and sick, inadequate as they still are, amount to a moral achievement greater than can be attributed to any event in the history of Christianity since the year one. Most of us are not sufficiently aware of the shortness of the interval which separates us from the age of dirt, of uncontrolled epidemics, of poverty, misery and exclusion from all culture of the vast mass of the population, of savage penal laws, and the general acceptance of social evils as something which belonged to the nature of things. Mr. McCabe recalls this to our minds and demonstrates with elaborate documentation that the Christian Churches, and especially the Roman Catholic Church, while being potent for destruction and repression have never had much to contribute to the betterment of man's estate.

Mr. Manhattan's two pamphlets furnish a lucid and objective account of Vatican policy in Spain and in South America. We see it working as a gigantic power trust, mobilizing all available auxiliaries against what most people would call progressive tendencies in education and politics, and particularly, of course, against "Bolshevism." The Vatican is a spiritual power only in the sense that it operates with a stock of fixed ideas and traditional superstitions, not in the sense that it is a free and active creator in the field of culture. It proved a valuable accomplice of Mussolini and Hitler, as it is still of Franco, and was in effect an enemy of the United Nations during the war This active alliance with fascism, based as it was on community of purpose and ideological affinity, may yet have deadly consequences for the Church. Truth is the greatest enemy of both: that is why we hope Mr. Manhattan's excellent pamphlets will be widely read. JOHN MURPHY

HUMAN NATURE, WAR, AND SOCIETY. By John Cohen. Watts, 2s. 6d.

This volume contains a survey of the chief scientific work with a bearing on the problems of peace and war in the fields of psychology, biology, sociology, and anthropology. The summation of all knowledge within this limitation cannot be considered excessive in cost at the published price of this work.

Charles Darwin relates that he found it necessary to carry a notebook in order to record instantly any factor adverse to any of his own preconceived theories, since the effect of partisanship was to remove from his

mind such critical thoughts. Dr. Cohen devotes a section of his work to demonstrating the partisanship and lack of detachment of scientists, yet, disarming as is this display of awareness of the dangers, the reader may not be convinced that the author is himself guiltless of this failing, and may be inclined to diagnose the thesis of equality as the underlying motive of the work. It is of interest in this connection to note the difference in approach between the political and social worker on the one side and the theoretician on the other. Those in the first category do not need any extreme equalitarian theory to key them up to meliorative measures; it is in the study that the all inclusiveness of equality seems so important.

This thesis of equality shows through most noticeably in the biological section. That there is no such thing as race and that pressure on territory has not operated as a factor in evolution are two theories hard to believe. In recent times the elimination, or near elimination, of the Australian aborigine, the South African Bushman, and the North American Indian appears to have been brought about by competition for territory. The spread of the white races over the two Americas seems in the main to have been economically motivated. It is difficult to believe that the large gap that exists to-day between the higher anthropoids and man was not caused by the successive elimination of contemporary types with the evolution of newer ones. It is possible to conceive the evolutionary process as being within the race or type itself, and it cannot of course ultimately be anywhere else but within the race itself; but that one evolved type has not eradicated an earlier development is not borne out by palaeontology and history, in so far as we have any literary evidence.

On the subject of differentiation amongst contemporary peoples, Dr. Cohen is of the school that will barely accept any differentiations in types at all. This theory is based upon the fact that there is no clear delimitation between one so-called race and another. Surely this is evidence of racial intermixture, rather than disproof of race itself. The absence of a scientific description has no effect on the reality of phenomena. If a man orders a poodle from a dog dealer he will surely feel disappointment if something turns up that appears to his mind to coincide with what a bulldog should be, unscientific as the concepts poodle and bulldog may be, and despite the fact that all doggies are no doubt equal in the sight of God. The same applies to the human species. If a man has a luncheon appointment with a Chinaman and half way through the meal the features of a person with Hamitic features become mirrored on his brain, will he not suspect unusual potency in the wine? Climatic conditions alone determine considerable local adaptation, and it is worth noting in this connection that the white man in spite of an expansive phase that has ringed the globe has made but little impression on either the tropical or arctic regions.

The insistence on extreme equality undermines the theory of evolution and leads the way open to theories of the special creation of man. Dr. Cohen's views fit in well with a theory of the special creation of mind

(horrified though he would be by such an accusation), for all men are equal before God.

The theory that war is dysgenic needs qualification. It is not so between communities of markedly unequal strength. Only when there is an approach to equality of numbers and technique in combatants is there any appreciable cost in manpower, fit or otherwise. It is true though that an undue proclivity to war may be dysgenic. France is probably an example of this, and Germany may prove to be one, also.

It is difficult to believe that man did not fight in the food gathering stage before the introduction of agriculture, as in theories supported by the author. The pressure on territory must have been greater than after the introduction of field industry with its higher efficiency and concentration on smaller areas. What agriculture brought with it was an intensification of the prestige factor and a struggle for the most fertile lands with the increased standard of living that their possession entailed. The same old cause operates to-day. It is not a question of just living, as writers seem to indicate when they talk about bread in this connection. It is not unknown that individuals have committed suicide through being reduced to the penurious position of having to subsist on £2,000 per annum, or some such figure fantastically above the dreams of the average man and woman. If it is bread you want, there are heaps of places where settlement can be achieved outside the beat of rate or income tax collector, but who cares for such a prospect? Man is a gregarious animal who wants the whole world, if not another one beyond it in addition; nothing less will satisfy him, and it is a good thing too that it is so, a guarantee of the world state that will come. In this connection it is worth noting the eclecticism of the Englishmen's requirements (despite his reputation for insularity) that encompasses everything from polar bears to paw-paws. Can one adequately conceive the storm that would arise were he to be deprived of his tea! Apart from the receptiveness to foreign culture, more marked perhaps in England than in any other country, the whole flora has been modified on a planetary basis so far as climate will allow, and as in most other countries the domesticated fauna is of foreign origin.

Many will agree with the author's acceptance of world government as a necessary prelude to peace, his recognition that public opinion is not ready for it yet, and his arguments for the setting up of certain supranational authorities on an occupational basis, such as the Food and Agricultural Organisation, to foster the requisite public opinion.

The problem is basically one of whether world government can be achieved without the intermission of a further world war. M.L.B.

From My Corner Bed. By Wilson Midgley. Chaterson, 7s. 6d.

Most people dread going to hospital, and yet everyone of us is liable to become a hospital patient. An experience is rarely what you expect it to be. It may be better or it may be worse, but usually it is different. In

this book the experience of being very much a hospital patient is vividly told. Written with the ready pen of a journalist (Wilson Midgley is the Editor of *John O'London's Weekly*), it is at times so entertaining and amusing that you wonder whether things are not over-simplified and perhaps written up. But at other times it has a depth and pathos that make you feel it must be true.

The author spent two years in hospitals and underwent more than one serious renal operation. Not wishing to endure the sentimental loneliness of a private ward he chose the public ward, where for some weeks his life, like that of the goldfish, was completely open to public gaze. He now would choose the public ward every time. Instead of finding in a hospital an institution bent in all earnestness on the combat with sickness and death, he found that there was no place like a hospital for fun. The jokes are not better, but the setting improves them.

We get to know quite a lot about Matron, Sister, and Nurse, and from the sketches of fellow-patients we are confirmed in the suspicion that human beings as a rule possess an emergency stock of courage and kindness. Of nurses in general we are led to believe that their life is so satisfying that they enjoy all the advantages of leisure without having any.

But amid the gaiety and humour there runs a thread of suffering. The author endured a very long and serious illness and gains our genuine sympathy without asking for it. When one is very ill, so we learn, psychic disturbances are more distressing than pain itself, and when desperately ill emotion is dead and one doesn't care. Now happily restored to health and activity, Mr. Midgley does not find his experiences to have been so dreadful that they refuse even to be memories; he can look at them as the realities of a hospital journey. This could only be said by one who is something of a hero.

In conclusion, one or two suggestions which the author makes might be mentioned. One is that a patient immediately on entering hospital should be handed a welcoming letter giving answers to the questions he might wish to ask in the first half hour after arrival. Another is that old men and small boys should not be mixed in the same ward; and a third, that meals, especially the vegetables, should be served hot.

R. B. MORSE

ETHICS IN A CHANGING WORLD

Correspondence on articles appearing in "The Plain View," July and October, 1946.

IT is surprising that Mr. Lloyd should regard the two very important articles of Professors John Laird and Michael Polanyi as written by men living in different worlds. There is nothing antagonistic about them, although written from different angles.

Mr. Lloyd introduces two definitions, or perhaps we should say descriptions, of "profit." The first is "the getting of something for nothing by means of other people's labour." Professor Polanyi does actually use the phrase "The lucky farmer gets something for nothing," referring to an unexpected bumper harvest, but otherwise neither he nor Professor Laird attempts a definition. Mr. Lloyd's description is hardly adequate. There are many kinds of profit not directly connected with other people's labour, "unearned" increment of many kinds (including the farmer's bumper harvest or the increased value of carpets, etc., to-day). There is also such a thing as unearned decrement (war-losses, etc.). Even static value need not be due to the efforts of the property-owner. In any case the description is not precise and might appear to approve all kinds of getting something for nothing by means of one's own labour (e.g. by a burglary), or perhaps to disapprove altogether the getting of something for nothing. It would be interesting to know what view Mr. Lloyd takes of gambling, which according to a recent Roman Catholic writer is vicious only when carried to excess. The second description is that profit is what an owner secures by the sale of his goods, goods which are produced by the worker he employs, to whom he pays wages. Here the implication is that the wages are inadequate. Mr. Lloyd has rightly stressed the absence of precise correlation between wages and services rendered and there is therefore no standard of adequacy. He suggests that any surplus should be divided between "the workers, who have produced it." That is just where the difficulty begins. The workers probably have not produced it. It may be due to an unusual demand or, as in the case of the farmer, to a bumper crop from favourable natural causes. And certainly in a Communist state the workers who produced the surplus would not get it, but the State, which may represent the workers in general, and even then cannot be identified with them.

Then why should an owner or controller of economic power be deprived of profit? There may be good reasons for depriving him of the economic power, but if he has the power, he has a right to the profit. Property does confer rights and there is no need to hark back to the practice of Muslims and the Christians of the Middle Ages, who condemned interest on loans. A Government can hardly expect people to save unless they allow interest, and to make interest illegal, immediately invites a black market.

An unsound economic theory may conceivably be good ethics, but the case needs to be made out.

I do not agree that the profit motive is based upon a class-divided society except accidentally. Of course that is a matter of opinion, because a classless society has never existed. Even the bees have drones and the ants slaves. "A democratic classless society based on co-operative economic effort" is a glorious phrase and a lofty ideal, but to begin with, there are no two countries which agree on the definition of democracy, and

classless society is as unattainable as a wordless language. If you could abolish from language the words "rich, poor, high, low, good, bad, kind, cruel," you might have a classless society. Classes may be changed and nursing mothers and miners may get higher food rations than others, but human nature being what it is, it will take a long time to educate men and women differentiated for any, even a casual reason, from assuming airs of superiority over others less fortunate. This is an ethical problem, but it is the problem of eradicating class-consciousness, not of eradicating classes. It is, I suggest, the business of the Ethical movement to clarify such concepts. It is impossible to eradicate criminality by eradicating individual criminals, to eradicate gambling or drinking by punishing gamblers or drinkers, as it is to eradicate class-privileges or class-consciousness by liquidating individual classes. The Ethical Movement must take a sane, objective, rational view of such problems unobscured by the *eidola fori* or such irrelevant prepossessions. A. MASTER

NOTICES

The Ethical Union has arranged two conferences in the first quarter of 1947:—

(1) A Conference for Parents (and others) on the Religious Upbringing and Moral Training of Children Without Theology. The conference will be held during the week-end January 25-26, in the Ethical Hall, Bayswater.

Sessions: Saturday, January 25, 3—5 p.m.: The Responsibility of Parents for the Religious Upbringing of their Children. 6—8 p.m.: The Aims and Contents of Religious Teaching and Moral Training on Humanist Assumptions. Sunday, January 26, 3—5 p.m.: Phases of Development in Childhood, and Appropriate Methods and Materials for Religious Teaching and Moral Training. 6—8 p.m.: Some Problems.

(2) A Study Tour of Suffolk, based on the published Planning Survey of the County.
The Conference will be accommodated at Summerhill School, Leiston, for five days, April 8—13.
The purpose of the study tour is to make first-hand acquaintance with the methods, problems, and possibilities of the modern planning approach to social development.

Details of these conferences may be obtained from the General Secretary.